

SENATE BUDGET COMMITTEE
DEMOCRATIC CAUCUS
KENT CONRAD, RANKING MEMBER

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**BUSH BUDGET UNDERESTIMATES AMOUNT
OF DEBT THAT CAN BE PAID DOWN**
Conrad Calls For More Aggressive Debt Reduction Program

Washington, DC - Senator Kent Conrad, the senior Democrat on the Senate Budget Committee, today said the Bush Administration is underestimating the amount of debt that the government can pay down over the next 10 years. Conrad's remarks were made as the Senate Budget Committee held a hearing on debt management.

"We have an obligation to pay down as much of our publicly held debt as we possibly can," said Conrad. "This is debt we incurred, and we ought not pass these bills onto our children, as the Bush Administration proposes."

Of the \$3.2 trillion in publicly held debt, the Bush budget proposes to pay down \$2 trillion of debt over the next 10 years leaving a debt of \$1.2 trillion in year 2011. The Bush Administration claims that it would be too costly to redeem this \$1.2 trillion in additional debt.

Most experts disagree and say more debt can be paid down over the next 10 years. The Congressional Budget Office estimates \$818 billion would not be available for redemption in 2011. Federal Reserve Board Chairman Alan Greenspan has suggested that about \$750 billion of current debt could be hard to redeem. Gary Gensler, the former Treasury Department official in charge of the successful Clinton Administration debt buyback program and who testified today, estimates that all but \$500 billion of debt could be redeemed by 2011.

"Why would the Bush Administration not want to pay back more debt?" asked Conrad. "The answer is quite simple – it would rather spend it on a massive tax cut. Despite the projected surplus over the next 10 years, the Administration's budget plan is so unbalanced that it needs the government to stay in debt in order to pay for its massive tax cut."

"A Treasury Department that was interested in reducing the debt could take a number of actions to cut the amount of hard-to-redeem debt to half the Administration's figure without incurring unacceptable costs," said Conrad. "These would include ceasing to issue longer-term debt, continuing a prudent buyback program, and repurchasing nonmarketable debt such as Treasury securities held by the Thrift Savings Plan."

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